



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

July 9, 2009


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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains an update on the State Budget including information on the Governor's CalWORKs reform proposals, a pursuit of County position to support the accelerated draw down of Federal funding to help mitigate the State's cash flow crisis, and the status of three County-advocacy bills.

State Budget Update

There have been no additional votes on the State Budget in the Legislature as negotiations between the Governor and the Legislative leadership are stalled. The Governor, however, continues to promote his latest reform proposals before the press and the public as an option to address the State's \$26.3 billion deficit.

Governor's CalWORKs Reform Proposals Press Conference

As reported in the June 30, 2009 Sacramento Update, the Governor has backed off his proposal to eliminate the CalWORKs Program and has instead offered a compromise plan to reform the program that "...will ensure its continued existence and ability to provide basic shelter, food, and clothing assistance to California's lowest-income residents working toward self-sufficiency."

Yesterday, the Governor held a press conference at which he outlined his CalWORKs Reform proposals. The Governor was accompanied by Kim Belshé, Secretary of the

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Health and Human Services Agency, and John Wagner, Director of the California Department of Social Services. In his opening remarks, the Governor cited that California offers a more generous, lenient CalWORKs Program than most states with no consequences to participants who fail to meet the Federal work participation requirements. According to the Governor, this encourages CalWORKs participants to stay on welfare, and as a result, only 22 percent are meeting the work requirements placing the State short of the required 50 percent Federal work participation rate.

Secretary Belshé described the reform proposals noting that they would generate \$753 million in State General Fund savings in FY 2009-10 and an annual savings of \$1.5 billion beginning in FY 2012-13. The proposed reforms include:

- reducing the total amount of time an adult may receive CalWORKs from five years to two years. Children would continue to receive cash assistance until they reach the age of 18, only if the adult continues to meet the work participation requirements;
- imposing graduated sanctions for families who fail to meet the work participation requirements, and eliminating the CalWORKs cash grant for the entire family when the adult fails to meet the Federal work requirements;
- requiring face-to-face reviews with a county eligibility worker every six months for adults who are not meeting the work participation requirements;
- limiting supportive services such as childcare, transportation and other employment services only to families meeting the work participation requirements. All other families would receive cash assistance only; and
- eliminating funding for supportive services duplicated by community agencies such as, substance abuse, domestic violence, family reunification, or education programs.

Response to the Governor's CalWORKs Reform Proposals

The California State Association of Counties (CSAC) and the California Welfare Director's Association (CWDA) have challenged the basis for the Governor's CalWORKs Reform proposals. CSAC and CWDA argue that the work participation rate is a flawed performance measure, and it does not take into account participants who work part-time or low-wage earners and that the proposals would penalize these families by eliminating them from the CalWORKs Program.

On July 7, 2009, your Board approved a resolution joining CSAC and CWDA in advocating for adequate funding for State-mandated human services programs. The Sacramento advocates are transmitting the resolution to the County's State legislative delegation, CSAC and CWDA as directed by your Board.

Pursuit of County Position on a State Budget Item

On July 2, 2009, the State Controller began to issue Registered Warrants (IOUs) as a result of the State's cash flow crisis. The State could mitigate the immediate impact of the cash flow crisis by accelerating its receipt of Federal funds which it is entitled to receive and is allowed under the Cash Assistance Management Act. This would allow the State to draw down billions of dollars in Federal funding for various programs including the Temporary Assistance to Needy Families, and provide for the early disbursement of American Recovery and Reinvestment Act funds for education, transportation, and childcare. In addition, on July 1, 2009, Assembly Speaker Karen Bass and Assembly Democratic Members sent a letter to Governor Schwarzenegger requesting that he contact President Obama's Administration to pursue this option which does not require Federal or State legislation.

The expedited draw down of Federal funding would help offset the impact of the issuance of IOUs to the County's General Fund and provide funding for State mandated programs. In addition, expediting the draw down of Federal funds, while allowing expenditure of State funds, will result in State General Fund savings by reducing short-term borrowing costs. Therefore, consistent with existing Board policy to support Federal fiscal relief for financially distressed state and local governments, **the Sacramento advocates will support efforts to accelerate the receipt of Federal funds and to secure the allocation of accelerated Federal funds to the County.**

Status of County-Advocacy Legislation

County-opposed AB 1048 (Torrico) which, as amended on June 1, 2009, would extend the timeframe to safely surrender a newborn from 72 hours to up to 30 days, passed the Senate Judiciary Committee by a vote of 4 to 1 on July 7, 2009. This measure now proceeds to the Senate Appropriations Committee.

County-opposed unless amended AB 1409 (Pérez) which, as amended on June 2, 2009, would revise the provision in existing law which authorizes work on county highways to be done by purchasing the material and having the work done by force account or by day labor, as defined, and would prohibit counties from using work programs that utilize juvenile and probationary workers from the Probation Department, is set for hearing on July 14, 2009 in the Senate Transportation Committee.

The Sacramento advocates learned from CSAC, and confirmed with the author, that the bill will be taken up in Committee on July 14, 2009 with amendments to be proposed in Committee. The proposed amendments would delete the prior version of the bill, and instead repeal Section 22031 of the Public Contract Code (PCC), which would eliminate the ability of counties who have elected to be subject to the Uniform Public Construction Cost Accounting Act (UPCCAA) to use their own employees to perform work on county highways. The Department of Public Works (DPW) indicates that because the County has not elected to become subject to the UPCCAA, AB 1409 as proposed to be amended, would not directly affect the department's existing operations.

However, DPW has serious concerns about the proposed amendments because the County has many functions in addition to maintaining streets, roads and highways operating safely. DPW indicates that should there be a need for the County to adopt and use the UPCCAA in the future, the proposed amendment to AB 1409 would then limit the flexibility and alternatives that currently exist for counties to utilize both the UPCCAA and Section 20395 of the PCC, which authorizes work on county highways to be done by purchasing the material and having the work done by day labor. Currently, a county may elect to use the UPCCAA for other projects (airports, buildings, infrastructure, etc.) including construction, reconstruction, repair, erection, demolition, and improvement, while separately and independently using Section 20395 of the PCC for work on highways. Therefore, AB 1409 would eliminate the existing flexibility that counties have to select the optimal methods available to fulfill their mission and meet the diverse needs of county residents.

The Department of Public Works strongly believes that counties should maintain the current flexibility in existing law to perform work on county highways, while retaining the flexibility to adopt the UPCCAA in the future for unanticipated needs. Because AB 1409, as proposed to be amended, would limit current flexibility, represent a loss of local control, and possibly prevent DPW from performing part of its core mission in the future, opposition to this bill is consistent with existing policy.

The Department of Public Works and this office recommend that the County oppose AB 1409, as proposed to be amended, unless amended to: 1) retain the existing Section 22031 of the PCC, which would maintain the flexibility for counties under the UPCCAA to have work on county highways performed by county employees; and/or 2) amend Section 20395 of the PCC to clarify and eliminate any ambiguities so that nothing in this section of law prevents the use of the UPCCAA and that the ability of counties to use Section 20395 to utilize county employees to respond immediately to emergency events or perform work on county highways stands alone independently. **Therefore, the Sacramento advocates will oppose AB 1409, as proposed to be amended, unless amended as indicated above.**

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Support for AB 1409, as proposed to be amended, is unknown at this time. It is opposed by the California State Association of Counties, Urban Counties Caucus, and the Regional Council of Rural Counties.

County-supported SB 797 (Pavley) which, as amended on June 25, 2009, would prohibit the commercial manufacture, sale, or distribution of any bottle or cup, or any liquid, food or beverage in a can or jar, containing Bisphenol A (BPA) if the product is intended primarily for children three years of age or younger, passed the Assembly Health Committee by a vote of 10 to 6 on July 7, 2009. The measure now proceeds to the Assembly Floor.

We will continue to keep you advised.

WTF:RA
MR:VE:IGEA:er

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants